

**PRACTICES IN THE FIELD OF KNOWLEDGE  
BASED LEADERSHIP WITHIN  
ORGANIZATIONS FROM ROMANIA**

**Abstract**

Within a complex and dynamic context, the leadership proves to be a crucial variable for the organizational success. The leaders' credibility and involvement are important as inside many organizations the knowledge sharing is perceived as a threat, as an exposure of the employee to the threats of those around him!

Confidence is a major attribute in what concerns the quality of connections among leader and his co-workers. For the people to open the mind and soul it's important to perceive that those who lead them are correct, are devoted to some ideas that they debate and share within organization and the knowledge of these practices could lead to qualitative leap in what regards the leading and getting the organizational performances.

**Keywords:** knowledge based leadership, leadership practices, organizational performances, competitive advantage

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**PRACTICI ÎN DOMENIUL  
LEADERSHIP-ULUI BAZAT  
PE CUNOȘȚINȚE ÎN  
ORGANIZAȚIILE DIN  
ROMÂNIA**

**Marian NĂSTASE**  
**Ovidiu NICOLESCU**  
**Nicolae BIBU**  
**Ion POPA**

**Marian NĂSTASE**

Conf. univ. dr., Facultatea de Management,  
Academia de Studii Economice din București  
E-mail: nastasemarian@yahoo.com

**Ovidiu NICOLESCU**

Prof. univ. dr., Facultatea de Management,  
Academia de Studii Economice din București  
E-mail: inst.manager@gmail.com

**Nicolae BIBU**

Prof. univ. dr., Facultatea de Economie și de  
Administrare a Afacerilor,  
Universitatea de Vest din Timișoara  
E-mail: nicolae.bibu@feaa.uvt.ro

**Ion POPA**

Prof. univ. dr., Facultatea de Management,  
Academia de Studii Economice din București  
E-mail: popaion\_2000@yahoo.com

**Abstract**

Într-un context complex și dinamic ca cel actual leadership-ul devine o variabilă critică pentru succesul unei organizații. Credibilitatea și implicarea liderilor sunt importante, deoarece încă, în multe organizații, partajarea cunoștințelor este încă privită ca o amenințare, ca o expunere a salariatului care își oferă cunoștințele celor din jur, dar devenind și mai vulnerabil.

Încrederea este un atribut major în ceea ce privește calitatea legăturilor dintre lider și colaboratorii săi. Pentru ca oamenii să-și deschidă sufletul și mintea este important să perceapă că cei care îi conduc sunt integri, sunt devotați unor idei pe care le dezbat și le împărtășesc în organizație, iar cunoașterea acestor practici poate conduce la un salt calitativ în ceea ce privește conducerea și obținerea de performanțe în organizații.

**Keywords:** leadership-ul bazat pe cunoaștere, practici în domeniul leadership-ului, performanțe organizaționale

## 1. LEADERSHIP AND KNOWLEDGE BASED ECONOMY

World economies are supported not only by large companies, but also by the operations of micro, small and medium enterprises. It is therefore important to find ways to improve the competitiveness of SMEs. Some measures will clearly relate to macroeconomic policies, but there are others that must be taken for the microeconomic level, for which the degree of understanding of management and leadership development at all organizational levels is a real necessity.

In the new economy, organizations face several challenges that leaders will have to find answers and that leadership knowledge can be an important part of the solutions identified.

This sub-chapter of the report is a partly result of our project aimed at improving the competitiveness of SMEs and the degree of leadership development in Romanian SMEs. In this sub-chapter, we explore some general perceptions of managers and employees of Romanian SMEs as regards current capabilities of companies, external influences and the degree of leadership development.

Current leaders are faced with both a clear need to define new internal and external organization coordinates and a manner in which they can manage, can use this special resource that is the knowledge held both at individual and organizational level.

Knowledge leadership is based on increasing the level of labor education. Interactions between leader and his colleagues takes place more intensively and constructively.

Connecting leaders and collaborators takes place in a different way, in the sense that leaders no longer perceive as holders of absolute truth. The same perception is met even to his supporters, which creates new premises between relations intra and inter-group .

To increase the competitiveness of organizations, leadership has a very important role, being a key factor in organizational transformation process that can explain the transition to a competitive level to another (Radu, 2009).

Many authors and researchers brought various contributions to the study of leadership. Amidon and MacNamara (2001) identified seven areas that must be analyzed - the so-called "7 C" of leadership: (a) context, (b) competence, (c) culture, (d) communities, (e) conversations and common language, (f) communications and (g) coaching. Collins (2001) identified the 5 level leader.

Ulrich (1999) research focused on factors such as values and personal traits (who are the leaders), knowledge, skills and abilities (what leaders know), behaviors, habits, styles and skills (what leaders

do). There are certain leadership characteristics that lead leaders to achieve greater success. For example, a basic feature of a successful leader is credibility, a quality that must be constantly cultivated (Nastase, 2009). Also, leaders are those who animates people and sometimes leaders have to put people in conflict situations, to enable them to generate new ideas. However, leaders must be careful not to create tensions and major disruptions within the organization (Leibling, 2005). Other important characteristics of leadership refers to purposefulness, optimism, courage, etc..

Leadership traditional literature was clearly dominated by the "single" prospect, which means that leadership is exercised by a single person (Pearce and Manz, 2005). However, there are other specialists who believe that leadership should be seen in terms of collaboration between two or more persons (Crevani, and Packendorff Lindgren, 2007).

Current competitive environment means more sources of information, rapidly and continues changing technologies, new management practices, increased competition and shorter life cycles, so the organizational knowledge is increasingly important (Tseng, 2009) . There are many authors who talk about so-called "knowledge-based leadership". Knowledge-based leaders are those who can successfully combine the roles of manager and leader in knowledge management oversight and creating favourable environments for the development of knowledge at work (Knights, Seivert and Lee, 2005).

Knowledge is an increasingly important factor shaping the characteristics of leaders thought and action, becoming a very powerful mechanism with consequences of organizational changes (Nastase, 2009). Leaders are those who support individuals and groups to share knowledge and learn together (Hicks, 2000; Viitala, 2004).

## 2. SPECIFIC ASPECTS OF ROMANIAN KNOWLEDGE-BASED LEADERSHIP

Leadership is a key concept even in Romania, likely to put significant influence on the functionality and results of an organization, regardless of the size and scope of its activities.

The Romanian companies, its importance is even greater, as there were no significant concerns to identify and increase potential performance that have formal or informal leaders.

Romania has experienced a period of great transformation after 1989 and tried, with great effort, to recover some of the distance separating it from more developed countries of the European continent and the leadership was and continues to hold a major position in this process.

Although Romania was not an EU member until 2007, it considered the most serious the compliance with the EU strategic objective of providing this to become the most competitive and dynamic knowledge-based economy in the world, capable to sustain economic growth with more and better jobs and with greater social cohesion.

This objective can be accomplished through three strategic options, which would produce significant changes in the countries and organizations involved in such areas, namely:

- preparing the transition to knowledge-based society and economy
- promoting economic reforms for competitiveness and innovation
- modernizing the European social model by investing in people and combating social exclusion

Lisbon Strategy (2000 - 2010) led to an acceleration of changes in vision and ways of their application, following the accession of Rumania to the EU in 2007. Opportunities presented by access to a huge market and sophisticated customers, and enhancing competition led Romanian companies, both large and SMEs to understand the usefulness and necessity of obtaining and capitalization better knowledge.

By knowledge we mean information processing and their location in a well-defined context, based on training, experience, values and personal attitudes. Knowledge is evidenced in employees behavior, in activities that they carried on and finally found them in the performance level obtained..

The knowledge-based leader is the promoter of knowledge-based organization, is the main artisan of the transformation of traditional organizations where processes and organizational relationships are established on the new coordinates, depending on the organization's ability to obtain, process and use knowledge.

Knowledge-based organization and leadership are stimulated by crystallization of knowledge-based economy. Knowledge-based economy in Romania begins to develop and present a series of specific forms of expression such as: electronic markets development, electronic commerce development, electronic payments extend, enhance public confidence in electronic media, information technology and telecommunications development, forms of online education expansion or forms of education using electronic means expansion etc..

SME sector presents a series of advantages and disadvantages in adopting the new type of leadership, following the features that wears a small or medium sized company. Crisis that has undergone a SME sector, in addition to the multiple negative consequences that resulted, still caused many entrepreneurs

to understand that they need more knowledge, better trained and informed staff and decision makers have one major potential know-how that will have to learn to use it properly.

### **2.1. Romanian Leadership**

Romania, as EU member is involved at high levels in the transition that takes place from an industrial society to a knowledge-based one. Therefore, both macro and micro level we analyze and try to build up components such as to accelerate the transition to such a knowledge-based society. It is important for leaders and organizations and for their employees to understand the nature of this transition and how people will cope with this period of profound change

Many organizations in Romania understand that leadership means change and that the development and competitiveness are directly related to the quality of this organizational phenomenon. Leaders and their supporters are supporting each other to reach a high level of performance that may be useful to them as individuals and teams that are members of the organization in general.

We are witnessing within companies a gradual shift from an individualistic approach to a team approach, which tends to replace a dangerous individualism exaggerated for organization objectives, a phenomenon that was becoming widespread after 1991

Modern leadership requires a strong interdependence between leaders and supporters, who have a common goal and are involved together within transformation process. We do not mention any more a isolated effort, but a collective approach, involving a members majority of the organization.

Leadership is now seen as the ability of employees to deeply relate with others in order to understand their needs and motivations and on this basis to develop strong collaborative relationships aimed to achieve mutual established objectives.

It is a major paradigm shift in Romanian companies, because the leader is increasingly perceived as an essential element for the functionality and performance of the organization. While, it is understood the complex nature of its business, moving from employees relationship to a stakeholders relationship!

The economic crisis has further deepened the need to redefine the relationship between leaders and those they lead. It is obvious that it requires a new leadership where leaders and their team act as partners, working together, assuming each greater responsibility on the obtained results.

## **2.2. The practice of a participative management style**

Context of evolution and development organizations in Romania is constantly changing, which places an increasing emphasis on the importance of processes that stimulate creativity, innovation and knowledge exploitation.

Consequently, there is a need for different approaches from the current leadership of the classic one, stimulating collaborative learning processes and teamwork, which leads naturally to the expansion of participatory management forms within performing firms.

The development of participatory management forms requires a new definition of authority, both formal and informal. It is important to understand what the concept of power in the context of transition to knowledge-based economy and organization.

We may define power as the ability to influence decisions and actions of those with whom we interact. Power is one of the elements to which reference is always very carefully, with great delicacy because of the implications and interpretation that may be awarded. Simultaneously, it is one of the important mechanisms organization that provides the functionality of the organization.

In the literature, can be identified the following types of power that can be exercised within an organization: the power to reward, coercive power, the power to legitimate, referent power and expert power.

In creating and implementing the vision, leaders resort to power in various forms in the desire to get a big enough commitment from employees. For this, they use different influence strategies that take into account both the characteristics of supporters and those of the environment.

In Romania, the power of a traditional organization is positioned and is traditionally the top, the people who have and use it mainly by virtue of their position. In other words, we have a strong formal power which is not always doubled by an expert power.

Expressed interest to reach such a position has yielded for many years in money and influence and less in the interest of the organization in which power people carry on their activity.

Once on the top, people who were worthless started a process of bringing incompetent people around them, people without values, able only to listen and execute decisions who had in mind more personal than organizational goals.

Creating a competitive environment coupled with pressures which current economic crisis has placed on organizations, irrespective of their field and their size, led to a reassessment of human resources and criteria that enable advancement in positions of influence within organizations.

Promotion of authentic leaders in Romanian companies meant creating and maintaining a reputation for performance, strong message to organization stakeholders. Simultaneously, these leaders increase participation by organization components, located on different hierarchical levels, to conduct strategic, tactical and current decision processes. An aspect like that is also facilitated by the promotion and use of management tools such as: management by objectives, management by budgets, management by exception, delegation, meeting etc.

Knowledge-based leaders fail to understand and provide a combination of business interests and its components with those of stakeholders. This requires the design and operational of an appropriate motivational mechanisms, a flexible drive systems, focused on the degree of achievement of expected objectives and the level of participation, of involvement of each employee to their achievement.

Combination of material rewards / sanctions with those moral and spiritual, diversification incentives and their correlation with individual needs are all elements of intensive participation in management processes. Participatory dimension of practiced leadership and management is ensured not only by creating and maintaining a framework and a suitable organizational climate, but also by the motivational climate, which must always be incentive and to eliminate populist approach regarding rewards or sanctions providing.

Expertise is taking into account the level of knowledge, of experience possessed by a person and who is appropriately recognized within organization. Power that holds that person is an expert power and is not automatically accompanied by a power given by a specific formal position in the organizational hierarchy.

A person who bases his power on the authority of knowledge has an ancestor of the other people who manifest a power from other sources because, irrespective of the position they held in the organization, the person will enjoy a greater capacity to influence the staff. Exerted influence may be enhanced by combining with other power sources.

A leader who combines expertise with other forms of power has a high penetration force in the organization, with special prerequisites for creating soon coalitions likely to support and to implement his organizational vision.



Leaders success depends largely on accepting and applying their vision by collaborators and by the appropriate implementation of the decisions that addresses this very important organizational component.

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